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**SOUTHEASTERN LOUISIANA
AREA HEALTH EDUCATION CENTER
FOUNDATION**

Audit of Financial Statements

June 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 4/9/08

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Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

We have audited the accompanying statement of financial position of Southeastern Louisiana Area Health Education Center Foundation (the Foundation) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana Area Health Education Center Foundation as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2007, on our consideration of Southeastern Louisiana Area Health Education Center Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the basic financial statements of Southeastern Louisiana Area Health Education Center Foundation taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the accompanying financial information in Schedules I through III, is presented for purposes of additional information and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

December 5, 2007

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Financial Position
June 30, 2007**

Assets

Cash and Cash Equivalents	\$ 638,208
Due from LSUMC	131,790
Grants Receivable	254,601
Other Receivables	86,864
Prepaid Expenses	8,928
Deposits	300
Property, Equipment and Furniture, Net	<u>32,919</u>

Total Assets	<u>\$ 1,153,610</u>
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Liabilities

Accounts Payable	\$ 374,968
Deferred Revenue	328,745
Line of Credit	<u>112,722</u>

Total Liabilities	<u>816,435</u>
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Commitments

-

Net Assets

Unrestricted - Designated for Future Expenditures	<u>337,175</u>
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Total Liabilities and Net Assets	<u>\$ 1,153,610</u>
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The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Activities
Year Ended June 30, 2007**

Unrestricted Net Assets

Support and Revenue

Cooperative Endeavor with LSUMC - State Portion	\$ 446,368
Cooperative Endeavor with LSUMC - Federal Portion	63,867
Federal Grant Revenue	3,380,549
Grant Revenue - State and Private	45,143
Interest Income	4,864
Continuing Education Revenue	9,366
Other	<u>352,485</u>
Total Unrestricted Support and Revenue	<u>4,302,642</u>

Expenses

Program Services

Rural Health Outreach Services	1,431,416
Genetic Research Grant	315,543
Educational and Recruitment Programs	38,202
Learning Resource Center	1,533
Rent	26,300
Contractual	32,315
Interest	2,474
Other Programs	1,930,397
Program Management	<u>255,481</u>
Total Program Services	<u>4,033,661</u>

Supporting Services

General and Administrative	<u>260,643</u>
Total Supporting Services	<u>260,643</u>
Total Expenses	<u>4,294,304</u>

Increase in Unrestricted Net Assets 8,338

Unrestricted Net Assets, Beginning of Year 328,837

Unrestricted Net Assets, End of Year **\$ 337,175**

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Statement of Cash Flows
Year Ended June 30, 2007**

Cash Flows from Operating Activities	
Increase in Unrestricted Net Assets	\$ 8,338
Adjustments to Reconcile Decrease in Unrestricted Net Assets to Net Cash Provided by Operating Activities	
Depreciation	19,443
(Increase) in due from LSUMC	(10,556)
Decrease in Grant Receivable	71,362
Decrease in Other Receivables	(39,558)
(Increase) in Prepaid Expenses	(4,679)
(Decrease) in Accounts Payable	(8,522)
Increase in Deferred Revenue	213,250
Net Cash Provided by Operating Activities	249,078
Cash Flows from Investing Activities	
Purchase of Property, Plant and Equipment	(25,659)
Net Cash Used In Investing Activities	(25,659)
Cash Flows from Financing Activities	
Payments on Line of Credit, Net	(7,278)
Net Cash Used in Financing Activities	(7,278)
Net Increase in Cash and Cash Equivalents	216,141
Cash and Cash Equivalents, Beginning of Year	422,067
Cash and Cash Equivalents, End of Year	\$ 638,208
Supplemental Disclosure	
Cash Paid for Interest	\$ 2,474

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Southeastern Louisiana Area Health Education Center Foundation (the Foundation) is a Louisiana non-profit organization chartered on June 22, 1989. Its purpose is to operate an area health education center in southeastern Louisiana, in order to plan for additional clinical educational opportunities in rural and underserved communities.

Federal Income Taxes

The Foundation is exempt from federal income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2007, there are no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Donated Goods and Services

Under SFAS No. 116, organizations are required to recognize as revenue and related expense, services received if the organization would typically need to purchase the services if not received as donations. No amounts have been reflected in the financial statements for donated goods and services because there was either no objective basis available to measure their value or the value given was immaterial to the financial statements taken as a whole.

Revenue and Expenses

Support for the Foundation is provided primarily by the Louisiana State University and Agricultural and Mechanical College, acting on behalf of the Louisiana State University Medical Center (LSUMC), and by federal grants received either directly from federal agencies or passed through state and local governmental agencies.

Expenditures pertaining to the funding provided by LSUMC are to be made in accordance with a budget, which has been adopted and made a part of the cooperative endeavor with LSUMC. The Foundation is to be reimbursed by LSUMC for costs incurred in carrying out the provisions of the agreement.

For federal and state grants administered on a cost-reimbursement basis, revenue is recognized as allowable expenditures are incurred.

Property, Equipment and Furniture

Effective with the October 1, 1994 cooperative endeavor between LSUMC and the Foundation, title to equipment purchased with these funds is to remain with the Foundation. Prior to October 1, 1994, title to equipment purchased with these funds was to remain with LSUMC. Therefore, equipment purchased with funds provided by LSUMC during the fiscal year ended June 30, 2007, have been capitalized and recorded in the Statement of Financial Position. In addition, the costs of automobiles, furniture, and office equipment purchased with funds provided by federal award programs have been capitalized and recorded in the Statement of Financial Position. Acquisitions of property and equipment in excess of \$1,000 and an economic useful life greater than one year are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows: building and building improvements - 30 years, furniture and equipment - 5 to 7 years.

Cash Flow Information

The Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. The Foundation did not make any cash payments for income taxes during the year ended June 30, 2007.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Economic Dependency

Support for the Foundation is provided primarily by appropriations from the Louisiana State Legislature via a cooperative endeavor with the Louisiana State University Medical Center. The Foundation also receives grants through federal and state agencies. The continued operations of the Foundation are dependent upon the renewal by these funding sources.

Advertising Costs

Advertising costs are expensed as incurred. There were no advertising expenses for the year.

Note 2. Property, Equipment and Furniture

As of June 30, 2007, property, equipment and furniture consist of the following:

Office Equipment	\$ 120,416
Office Furniture	<u>43,751</u>
	164,167
Less: Accumulated Depreciation	<u>(131,248)</u>
Total	<u>\$ 32,919</u>

All capitalized assets are depreciated using the straight-line basis over the estimated useful lives of the assets. Depreciation expense for the year ended June 30, 2007, totaled \$19,443.

Note 3. Notes Payable

As of June 30, 2007, the Foundation had \$112,722 outstanding on a line of credit.

Note 4. Retirement Plan

The Foundation established an employer sponsored 403(b) Annuity Plan (the Plan) effective October 1, 1990, to provide retirement benefits for employees of the Foundation and the payment of benefits to employees and their beneficiaries. The Foundation's contribution was 7.0% of the employees' salaries during the year ended June 30, 2007. Additionally, an amount determined by resolution of the Board of Directors of the Foundation may be contributed to the Plan. The contribution to the Plan for June 30, 2007, amounted to \$79,973.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION**

Notes to Financial Statements

Note 5. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 6. Concentration of Risk

At June 30, 2007, the Foundation had funds deposited in financial institutions in excess of the \$100,000 FDIC guaranteed limits.

Note 7. Commitments and Contingencies

Operating Lease

Effective January 1, 2006, the Foundation began leasing the building it transferred to LRHSC on a month to month basis. The Foundation pays a monthly rent to LRHSC. Total rent expense for the year ended June 30, 2007, totaled \$26,300.

SUPPLEMENTARY INFORMATION

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
Supplementary Information
Combining Schedule of Assets, Liabilities and Net Assets
Year Ended June 30, 2007

Schedule I

	LSUMC Funding	DELTA Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
Assets						
Cash and Cash Equivalents	\$ 140,690	\$ 497,116	\$ 402	\$ -	\$ -	\$ 638,208
Due from LSUMC	34,012	-	97,778	-	-	131,790
Grants Receivable	-	-	-	254,601	-	254,601
Other Receivables	19,900	-	56,000	10,964	-	86,864
Due from Other Programs	434,875	-	-	-	-	434,875
Prepaid Expenses	7,333	-	-	1,595	-	8,928
Deposits	300	-	-	-	-	300
Property, Equipment and Furniture, Net	-	-	-	-	32,919	32,919
Total Assets	\$ 637,110	\$ 497,116	\$ 154,180	\$ 267,160	\$ 32,919	\$ 1,588,485
Liabilities						
Accounts Payable	\$ 45,851	\$ 187,891	\$ 86,481	\$ 54,745	\$ -	\$ 374,968
Deferred Revenue	-	309,225	-	19,520	-	328,745
Line of Credit Payable	112,722	-	-	-	-	112,722
Due to Other Programs	-	-	63,014	371,861	-	434,875
Total Liabilities	158,573	497,116	149,495	446,126	-	1,251,310
Net Assets						
Unrestricted - Designated for Future Expenditures	478,537	-	4,685	(178,966)	32,919	337,175
Total Liabilities and Net Assets	\$ 637,110	\$ 497,116	\$ 154,180	\$ 267,160	\$ 32,919	\$ 1,588,485

See independent auditor's report.

SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION

Supplementary Information

Combining Schedule of Support, Revenue, Expenses and Changes in Net Assets
Year Ended June 30, 2007

Schedule II

	LSUMC Funding	DELTA Program	Genetic Research Grant	Other Programs	Plant Fund	Totals
Support and Revenue						
Cooperative Endeavor with LSUMC - State Portion	\$ 446,368	\$ -	\$ -	\$ -	\$ -	\$ 446,368
Cooperative Endeavor with LSUMC - Federal Portion	63,867	-	-	-	-	63,867
Federal Grant Revenue	-	1,431,416	315,543	1,633,590	-	3,380,549
Grant Revenue - State and Private	-	-	-	45,143	-	45,143
Interest Income	4,850	-	14	-	-	4,864
Continuing Education Revenue	9,366	-	-	-	-	9,366
Other	272,672	-	-	79,813	-	352,485
Total Support and Revenue	787,123	1,431,416	315,557	1,758,546	-	4,302,642
Expenses						
Salaries and Related Benefits	314,177	117,634	177,965	1,195,097	-	1,804,873
Supplies and Maintenance	57,379	4,540	6,250	67,782	-	135,951
Equipment Expense	5,518	18,787	-	13,416	-	37,701
Rent	26,300	-	-	71,926	-	98,226
Utilities	28,618	-	-	49,919	-	78,537
Travel	35,633	12,312	922	111,284	-	160,151
Library	1,533	-	-	-	-	1,533
Contractual	32,315	1,263,028	-	63,933	-	1,359,276
Professional Costs	27,276	8,469	-	8,050	-	43,795
Legal Expenses	-	-	-	2,406	-	2,406
Programs	38,202	-	-	-	-	38,202
Dues and Conferences	5,104	2,686	-	725	-	8,515
Depreciation	-	-	-	-	19,443	19,443
Interest	2,474	-	-	-	-	2,474
Other	22,976	3,980	130,406	345,859	-	503,221
Total Expenses	597,505	1,431,416	315,543	1,930,397	19,443	4,294,304
Increase (Decrease) in Net Assets	199,610	-	14	(171,851)	(19,443)	8,338
Net Assets, Beginning of Year	304,578	-	4,671	(7,115)	26,703	328,837
Other Changes in Net Assets	(25,659)	-	-	-	25,659	-
Fixed Asset Acquisitions	-	-	-	-	-	-
Net Assets, End of Year	\$ 478,537	\$ -	\$ 4,685	\$ (178,966)	\$ 32,919	\$ 337,175

See independent auditor's report.

**SOUTHEASTERN LOUISIANA AREA
HEALTH EDUCATION CENTER FOUNDATION
Supplementary Information
Allocation of Program Management and General
and Administrative Expenses
Year Ended June 30, 2007**

Schedule III

Expense Description	Allocation		Amount
	Program Management	General and Administrative	
Salaries and Related Benefits	\$ 155,518	\$ 158,659	\$ 314,177
Supplies and Maintenance	28,403	28,976	57,379
Professional Costs	13,502	13,774	27,276
Depreciation	9,624	9,819	19,443
Travel	17,638	17,995	35,633
Dues and Conferences	2,526	2,578	5,104
Utilities	14,166	14,452	28,618
Equipment Expense	2,731	2,787	5,518
Other	11,373	11,603	22,976
Totals	\$ 255,481	\$ 260,643	\$ 516,124

See independent auditor's report.

OMB CIRCULAR A-133 SECTION

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007**

Pass-through Grantor/ Disbursements Program Title	Federal Grantor/ Federal CFDA Number	Pass-through Grantor's Number	Federal Revenue Recognized	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>				
Direct Award:				
Rural Health Outreach	93.912	N/A	\$ 1,431,416	\$ 1,431,416
Passed-through Louisiana State University Medical Center:				
Area Health Education Centers - Model Programs	93.107	None	63,867	63,867
Passed-through City of New Orleans - Office of Health Policy:				
Ryan White Comprehensive AIDS Resources Emergency Act of 1990 - Title I	93.914	98OHP0014C	409,089	409,089
Passed-through Louisiana Department of Health and Hospitals:				
Rural AIDS Prevention Program Region IX	93.940	14547/16716	66,204	66,204
Genetic Research Grant	93.912	1D04 RH 00136-01	<u>315,543</u>	<u>315,543</u>
Subtotal - U.S. Department of Health and Human Services			<u>2,286,119</u>	<u>2,286,119</u>

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007**

Federal Grantor/ Pass-through Grantor/ Disbursements Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Revenue Recognized	Federal Expenditures
<u>U.S. Department of Education</u>				
Passed-through Louisiana Department of Health and Hospitals:				
Children's Special Health Services	84.181	623382	157,217	157,217
Children's Special Health Services	84.181	610292	<u>1,001,080</u>	<u>1,001,080</u>
Subtotal - U.S. Department of Education			<u>1,158,297</u>	<u>1,158,297</u>
Total			<u>\$3,444,416</u>	<u>\$3,444,416</u>
Reconciliation				
Cooperative Endeavor with LSUMC – Federal Portion			\$ 63,867	
Federal Grant Revenue			<u>3,380,549</u>	
			<u>\$3,444,416</u>	

See accompanying notes to schedule of expenditures of federal awards.

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Year Ended June 30, 2007**

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the grant activity of Southeastern Louisiana Area Health Education Center Foundation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

We have audited the financial statements of Southeastern Louisiana Area Health Education Center Foundation (the Foundation), a non-profit organization, as of and for the year ended June 30, 2007, and have issued our report thereon dated December 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Foundation's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

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Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 5, 2007



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Southeastern Louisiana Area
Health Education Center Foundation

Compliance

We have audited the compliance of Southeastern Louisiana Area Health Education Center Foundation (the Foundation), a non-profit organization, with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Foundation's management. Our responsibility is to express an opinion on the Foundation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Foundation's compliance with those requirements.

In our opinion, the Foundation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

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An Independently Owned Member

Internal Control Over Compliance

The management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Foundation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect non-compliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

December 5, 2007

**SOUTHEASTERN LOUISIANA AREA HEALTH
EDUCATION CENTER FOUNDATION
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007**

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the financial statements of the Foundation.
2. No significant deficiencies relating to the audit of the financial statements of the Foundation are reported in the Report of Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements of the Foundation were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Foundation expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Rural Health Outreach/Genetic Research	93.912
Ryan White Comprehensive AIDS Resources	
Emergency Act of 1990-Title 1	93.914
Children' Special Health Services	84.181

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Foundation was determined not to be a low-risk auditee.

B. Findings - Financial Statements Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs Audit

None

Prior Year Audit Findings

None Noted